



Michigan Department of Licensing & Regulatory Affairs
MICHIGAN LIQUOR CONTROL COMMISSION (MLCC)
525 W. Allegan, Lansing, MI 48933
P.O. Box 30005, Lansing, MI 48909

Michigan Wine Maker & Small Wine Maker Requirements and General Information

A **“Wine Maker”** license is issued by the Michigan Liquor Control Commission to a person located in Michigan to manufacture wine and to sell, at wholesale or retail, wine manufactured by that person.

- MCL 436.1113(9)

A **“Small Wine Maker”** means a Wine Maker that manufactures or bottles not more than 50,000 gallons of wine in 1 calendar year.

- MCL 436.1111(10)

A **Wine Maker/Small Wine Maker** License:

- May sell wine they manufacture to licensed Michigan wholesalers and to licensed Michigan retailers.
- May offer free or may include a charge for samples to consumers from the winery premises.
- May sell wine they manufacture directly to consumers for off-premises consumption (take-out) from the winery premises.
- May sell wine they manufacture to consumers for on-premises consumption at the winery in conjunction with a restaurant at the winery premises.
- Must obtain a “Wine Producer’s” Basic Permit from Alcohol, Tobacco Tax and Trade Bureau (“TTB”).
- \$100.00 annual license fee for Wine Maker; \$25.00 annual license fee for Small Wine Maker. License renews annually on May 1. License fee may not be prorated for part year licensure and is payable at the time of initial application.

How To Apply For A License:

Please refer to the “Manufacturers & Wholesale License Application Process” information sheet for applicable forms and required documents

All forms are available on our website at: www.michigan.gov/lcc ---> Commission Forms ---> Manufacturers & Wholesalers.

Licensing Requirements:

Federal Basic Permit

Receipt of a Federal “Wine Producer and Blenders” Basic Permit issued by the Alcohol and Tobacco Tax and Trade Bureau (“TTB”) is required prior to the issuance of a winery license.

- Administrative rule R 436.1708 (1)

For Federal Basic Permit info contact: Alcohol and Tobacco Tax and Trade Bureau

550 Main St. Room 8002
Cincinnati, OH 45202
(513) 684-3337

www.ttb.gov

Bond Application

Receipt of a Surety Bond (Form MW-816) executed by an insurance company authorized to do business in Michigan in the amount of \$1,000.00 for the first year licensed is required prior to issuance of the license. The Bond application will be mailed to applicant upon Commission approval of the application.

- MCL 436.1801 (1)(a)

Proof of Financial Responsibility

This is a statutory requirement to provide security for liability of not less than \$50,000 prior to the issuance of the license. Proof may be in the form of cash, unencumbered securities, liquor liability insurance, constant value bond, or membership in a group self-insurance pool authorized by law that provides security for liability under Section 436.803 of the Liquor Control Code. Proof of Financial Responsibility Form LC-95 & instructions will be mailed to applicant upon Commission approval of the application.

- MCL 436.1501(1)

Server Training Requirement

A licensee authorized to sell or sample alcoholic beverages for on-premises consumption is required to have present on the licensed premises, at minimum, supervisory personnel on each shift and during all hours in which alcoholic liquor is served who have successfully completed a server training program approved by the Commission. Server Training forms will be mailed upon Commission approval of the license application.

- MCL 436.1501(1), Administrative rule R 436.1060

Food Establishment License

The Michigan Food Law (Act 92, P.A. of 2000) requires all food establishments, including processing operations such as wineries, breweries and distilleries to obtain a food establishment of one type or another. Contact the Michigan Department of Agriculture & Rural Development ("MDARD") for details on the specific food establishment license required for your operation. The MDARD may be contacted as follows:

MDARD Central Licensing
P.O. Box 30746
Lansing, MI 48909
(517) 241-6666
www.michigan.gov/mda

General Information:**Church and School:**

A new application to sell alcoholic beverages at retail (including manufacturers), or a request to transfer location of an existing license, may be denied if the contemplated location is within 500' of a church or school. The Commission may waive the church/school provision if the church or school does not file an objection to the proposed license. If the church or school files an objection, the Commission will hold a hearing before making a decision on the issuance of the license.

- MCL 436.1503

Manufacturing & Labeling

Wine must be manufactured and labeled in accordance with federal wine regulations published in the Code of Federal Regulations (CFR), Title 27, Part 4 and (CFR), Title 27, Part 24. Contact the TTB for details.

- Administrative rules R 436.1707, R 436.1708

Label Registration

Wine products must have all labels approved by the Commission prior to the wine being sold in Michigan. The Commission uses an on-line label registration process which requires prior registration with the TTB. Upon licensure, you will be provided with a password and instructions to access the on-line registration site. There is no fee for Michigan label registration. Michigan Product Registration can be completed www.lara.michigan.gov/MWPR.

- Administrative rule R 436.1719

Mandatory Label Information (Pursuant to TTB Regulations):

- Brand name listed.
- Class, type or, in lieu of, a truthful and adequate statement of composition shall appear on the brand label of the product.
- Name and address of bottler or packer and place (city/state) where bottled. Name must be preceded by "Bottled by" or "Packed by".
- Alcohol content must be listed. By definition, wine may contain ½ of 1% or more alcohol by volume but not more than 21% alcohol by volume. Table wine with alcoholic content of 11%-14% does not have to list the actual alcohol content. Listing "table wine" is adequate.
- Net contents.

For Federal Labeling information contact:

Alcohol and Tobacco Tax and Trade Bureau
Alcohol Labeling & Formulation
650 Massachusetts Ave., N.W.
Washington, DC 20226
(866) 927-2533
www.ttb.gov

Wine Excise Taxes & Monthly Reports

Wine excise taxes apply to both wine and mixed wine drink. The Wine Maker or Small Wine Maker shall pay the Michigan wine excise tax or may designate a wholesaler to pay the tax on their behalf for all wine or mixed wine drink manufactured by that Wine Maker and sold in this state. A Wine Maker or Small Wine Maker is required to submit a Michigan Wine Tax Report and Michigan Winery Monthly Report of Sales no later than the 15th of each month regardless if a wholesaler has been designated to pay the taxes. If a wholesaler has been designated to pay tax on wholesale shipments to retailers, the Wine Maker or Small Wine Maker must still submit any tax payments for on-site tasting room wine sales.

Sacramental wine sold to churches is exempt from taxes. Sales made by a Wine Maker/Small Wine Maker out-of-state are nontaxable.

Tax Rates: 16% or less alcohol by volume = \$.135 (13 ½ cents) per liter.
Over 16% - 21% alcohol by volume = \$.20 (20 cents) per liter

- MCL 436.1301, Administrative rule R 436.1725

Samples to Consumers

A Wine Maker or Small Wine Maker may offer free or may include a charge for samples to consumers for on-premise tastings at the winery premises. The samples must be of products manufactured and sold under the Wine Maker or Small Wine Maker license.

- MCL 436.1537 (3), MCL 436.2025

Sales to Consumers From Winery

A Wine Maker or Small Wine Maker is authorized to sell wine manufactured by the Wine Maker or Small Wine Maker from the winery premises to consumers for off-premises consumption (take-out sales) with no additional license.

A Wine Maker or Small Wine Maker may also sell wine they manufacture by the glass for consumption on the premises in a restaurant at their winery premises that is owned by the Wine Maker or Small Wine Maker or is leased to another person. Only wine manufactured by the Wine Maker or Small Wine Maker may be sold by the glass in a winery restaurant.

- MCL 436.1111(9), MCL 436.1113(9), MCL 436.1537(2)

Direct Shipping/Deliveries to Consumers

A Direct Shipper license is required for in-state and out-of-state wineries to ship **domestic** wine directly to Michigan consumers. This license does not allow direct shipment of imported wines. License fee is \$100.00 annually (renewable May 1) and allows total annual shipment to Michigan consumers of 13,500 liters (1,500 9-liter cases). Direct Shippers must pay Michigan excise taxes (quarterly) and Michigan sales tax. The age of the person placing the order must be verified by obtaining a copy of a photo identification issued by a state or the federal government of the person placing the order, or by utilizing an identification service approved by the Commission. You must record and maintain records of the name, address, date of birth and telephone number of the person placing the order on the order form. The Direct Shipper must stamp, print, or label on the outside of the shipping container that the package "Contains Alcohol. Product must be delivered to a person 21 years of age or older." A label must be placed on the top panel of the shipping container listing the Direct Shipper license number, order number, the name and address of the individual placing the order, and the name of the designated recipient if different from the name of the individual placing the order. The person delivering the alcohol shall verify the person accepting delivery is of legal age.

Tasting Room Location

Licensed Wine Makers/Small Wine Makers may apply for a Tasting Room location approval located off the winery licensed premises. The Wine Maker/ Small Wine Maker may offer free or may include a charge for tastings to the consumer and may sell for off premise consumption only, wine made by the Wine Maker/Small Wine Maker. As with other tastings & sales, only wine made by the Wine Maker/Small Wine Maker may be sampled or sold at the Tasting Room location. Under no circumstances may any other alcoholic beverage products other than those produced by the Wine Maker/Small Wine Maker be sampled in the Tasting Room. Wine cannot be sold by the glass for consumption at the tasting room premises. Only samples may be

provided. An annual license fee of \$100.00 per location shall be paid for the Tasting Room location.

- MCL 436.1537(4)

Other Manufacturing licenses

A Wine Maker/Small Wine Maker may obtain other manufacturing licenses including a Brandy Manufacturer, Micro Brewer/Brewer, Manufacturer of Spirits, Manufacturer of Mixed Spirit Drink or a Small Distiller which allows the manufacture and sale of wine, brandy, mixed spirit drinks or distilled spirits.

- MCL 436.1111(9), MCL 436.1109 (6), MCL 436.1113(9)

Beer and Wine Sampling Permit

A Wine Maker/Small Wine Maker may obtain a Beer and Wine Sampling Permit which allows beer and wine tastings to be conducted on licensed off-premises accounts that hold a Specially Designated Merchant (SDM) license. There is a onetime \$70.00 fee for this permit. Upon issuance of this permit notification of sampling events must be received at least 10 days prior to the event and all employees or licensed agents conducting the sampling event must have successfully completed a server training program approved by the MLCC.

- MCL 436.1537

Permits

There are additional permits that a Wine Maker or Small Wine Maker may apply for to be held in conjunction with their primary license.

- **Outdoor Service** – Permission which allows the sale and consumption of alcoholic beverage in outdoor patio areas. The area must be under the control of the licensee.
- **Specific Purpose Permit** - Permit required to remain open for business after the legal closing hour of 2:00am, or to be open for business before 7:00am Monday through Saturday, or to open before 12:00 noon on Sunday, for the sale of food.
- **Direct Connection** – Permission issued by the Commission to maintain a direct connection between licensed premises and non-licensed premises. This permission will be required if operations include multiple license holders who maintain inside connections to either non-licensed premises or licensed premises under the control of another licensee.
- **Living Quarters Permit** - Permit required when living quarters are directly connected to the licensed premises.
- **Dance Permit** - Required for dancing by customers on the licensed premises. Dance floor must be clearly marked, void of tables and chairs when in use and a minimum of 100 square feet in dimension. Permit allows for dancing during the legal hours for the sale of alcoholic liquor only.
- **Entertainment Permit** - Required for monologues, dialogues, motion pictures, still slides, closed circuit television, contests, or other performances for public viewing on the licensed premises. An Entertainment Permit does not allow topless entertainment. Permit allows for entertainment only during the legal hours for the sale of alcoholic liquor. You do not need an Entertainment Permit for live bands, the playing of an orchestra, piano, or other types of musical instruments, singing or the viewing of any publicly broadcast television of a federally licensed station.
- **Sunday Sales AM Permit**– Required for the sale of wine from 7:00 a.m.-12:00 noon, unless prohibited in the county and local governmental unit where the licensed establishment is located. A license fee in the amount of \$160.00 is charged at the time of application and is the yearly renewal fee.
- **Farmer's Market Permit** – Allows a qualified Small Wine Maker who manufactures or bottles not more than 5,000 gallons of wine in one calendar year combining all licensed locations, to conduct free wine tastings and sell, for consumption off the licensed premises, wine produced by that Small Wine Maker at a Farmer's Market.

Sales to Wholesalers and Territory Agreements

A Wine Maker or Small Wine Maker may sell their products to licensed Michigan Wholesalers who in turn may resell the wine to licensed Michigan retailers. A Wine Maker or Small Wine Maker must grant each of their wholesalers a written agreement specifying the brand or brands to be distributed and the territory where sales are granted. Wholesalers are prohibited from selling alcoholic beverages outside of their assigned sales territories. Beginning June 1, 2010, Michigan statute prohibits a manufacturer from assigning the right to sell a specific brand or brands of wine to more than one wine wholesaler in the same sales territory. However, a manufacturer may continue an agreement that was in effect on June 1, 2010, which assigned the distribution rights to more than one wine wholesaler for a specified brand of wine in the same sales territory. All sales to wholesalers must be for cash only. Quantity discounts to wholesalers are legal as long as the discount is nondiscriminatory.

- MCL 436.1305, MCL 436.1307

Sales to Retailers

A Wine Maker or Small Wine Maker is authorized to sell their wines to licensed retailers. A Wine Maker or Small Wine Maker selling their wines to retailers must file with the Commission in Lansing, before January 1, April 1, July 1, and October 1 of each year, a schedule of the net cash prices to retail licensees. The net cash price shall not be changed during the quarter without first notifying the Commission in writing of the price changes. "Post offs" (price reductions) shall **not** be granted for periods of less than 14 consecutive calendar days in duration. Quantity discounts to retailers are prohibited. All sales to retailers must be for cash only.

- MCL 436.1111(9), MCL 436.1113(9), Administrative rule R 436.1726

Interest in another License

Michigan statute strictly prohibits a Wine Maker/Small Wine Maker from holding any interest, directly or indirectly, in a wholesale or retail license. Examples of prohibited interests include: stock ownership, leasing real estate to/from a wholesale or retail licensee; interlocking officers or directors between licensees; financial interest such as a moneylender with a wholesale or retail licensee. The Commission may approve a Wine Maker or Small Wine Maker participating with 1 or more Wine Makers or Small Wine Makers in an alternating proprietor operation subject to the written approval of the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau, in accordance with 27 CFR part 25, subpart F, section 25.52.

- MCL 436.1603(9)

Rebates, Special Purchase Allowances, & Quantity Discounts

A Wine Maker or Small Wine Maker is prohibited from rebating any money to wholesalers. A special purchase allowance may be offered to wholesalers as long as the allowance is offered to all wholesalers and is based on the wholesaler purchases at the time of the allowance and not based on past sales. A Wine Maker or Small Wine Maker may offer quantity discounts to their wholesalers but may not offer free merchandise to their wholesalers.

- MCL 436.1609

Bulk Wine Used For Blending

A Wine Maker or Small Wine Maker may purchase bulk wine to be used for blending purposes from a licensed Outstate Seller of Wine. A shipment of bulk wine to a Wine Maker or Small Wine Maker must be accompanied by a "Release of Alcohol or Alcoholic Beverages for Commercial Use" (LC/MW 836) approved by the Commission.

- Administrative rule R 436.1721

Salesperson License

Any person employed by a Wine Maker or Small Wine Maker to sell, deliver, promote, or otherwise assist in the sale of alcoholic liquor in this state is required to hold a Salesperson license issued by the Commission. Office staff and winery personnel who work exclusively at the winery premises and have no personal contact with retailers or consumers off the winery premises do not need a Salesperson license. Salesperson's must be 18 years of age or older. Salesperson licenses are \$35.00 for three-year licensing period. Licensed salespersons are prohibited from being employed by a retail licensee on a paid or any other basis. Licensed truck drivers or delivery persons are prohibited from consuming alcoholic beverages while on duty.

- Administrative rule R 436.1853

Aid and Assistance

Section 609 of the Code, being MCL 436.1609, and Rule 436.1035 prohibit alcoholic beverage manufacturers, suppliers or wholesalers from aiding or assisting any other licensee by giving them anything of value. Further, a licensee is prohibited from accepting aid and assistance from another industry member. Alcoholic beverage suppliers are prohibited from giving anything of value to their wholesalers or retailers. Likewise, alcoholic beverage wholesalers are prohibited from giving anything of value to their retailers. This principle is the cornerstone of Michigan's trade practices regulatory structure. It is designed to provide a level playing field for all industry members. Suppliers and wholesalers are prohibited from giving anything of value to retail licensees, including but not limited to: alcoholic beverages, merchandise, furniture, fixtures, equipment, uniforms, cash or loans, labor, etc. While wholesalers and suppliers may provide point-of-sale materials such as posters, banners, table tents, flyers, etc., to retailers promoting their brands and prices, they are prohibited from providing anything that has any secondary use, value or purpose, other than actual advertising value to retailers without prior Commission approval. This same principle prohibits suppliers and wholesalers from providing free advertising, incentive programs, free or discounted product, draft system installation and maintenance, etc. Violations in the aid and assistance statute will result in all participants (retailer, wholesaler and supplier) being cited before the Commission.

- MCL 436.1609, Administrative rule R 436.1035

Record Retention

All licensees are required to maintain all sales, purchase and salesperson expense records for a minimum of four (4) years. Records may be maintained electronically or otherwise as long as a hard copy of the record can be created upon demand.

- Administrative rules R 436.1007, R 436.1641, R 436.1865

Sales for Cash Only

The Liquor Control Code requires the sale and purchase of all alcoholic beverages to be for cash only, at the time of delivery to wholesalers or retailers. Consumers may use bona-fide credit cards to pay for purchases from the winery.

- MCL 436.2013

Inspection of Premises and Books & Records

A licensee must make the licensed premises available for inspection and search by a Commission Investigator or any law enforcement officer empowered to enforce the Commission's rules and code during regular business hours or when the premises is occupied. The Commission or its duly authorized agent may examine the books, records or papers of a licensee.

- MCL 436.1217, Administrative rule R 436.1645

Samples

Wine Makers and Small Wine Makers are allowed to sample their products with on-premises or off-premises retail licensees and the retailer's employees. Sample tastings may not be offered to consumers by the wine maker at a licensed on-premises or off-premises account. All containers used to sample products with retailers must be marked with the word "Sample" in lettering at least ½-inch high. While Wine Makers and Small Wine Makers may offer tasting samples to retailers from multiple beverages, only one (1) sample container of 750 ml size or smaller may be left with a retail licensee for sampling by the retailer and their staff. A sample container must be removed from the premises within 24 hours and again may not be sampled by consumers.

- Administrative rules R 436.1001, R 436.1421, R 436.1511, R 436.1513, R 436.1863

Purchasing Drinks for Consumers

A licensed Salesperson of a manufacturer of wine, for promotional purposes, may purchase one (1) drink for each customer of an on-premises retail licensee only. The drink shall be purchased from the on-premises licensee and shall be of a brand represented by the salesperson.

- Administrative rule R 436.1865

Advertising and Promotions

Inside advertising signs must be unilluminated and no more than 3,500 square inches in dimension. Advertising that promotes anything other than or in addition to your alcoholic beverage product requires prior commission approval. Point-of-sale advertising may not contain the name of any retail licensee of promote anything other than your products. Advertising on anything having any secondary value, use or purpose other than advertising, requires prior Commission approval.

- Administrative rules R 436.1301 – R 436.1339

Compliance with Laws, Zoning & Ordinances

A Wine Maker or Small Wine Maker must comply with all state and local building, plumbing, zoning, sanitation, and health laws, rules and ordinances.

- Administrative rules R 436.1003, R 436.1105(3), R 436.1702

How to Contact the Michigan Liquor Control Commission

Questions relating to Wine Maker/Small Wine Maker licenses and other non-retail licenses may be directed to:

Michigan Liquor Control Commission
Manufacturers & Wholesalers Section
P.O. Box 30005
Lansing, MI 48909
(866) 813-0011 (517) 763-0060 (fax)
E-mail: mlccmwpasswords@michigan.gov **Website:** www.michigan.gov/lcc